

Municipal Service Districts in North Carolina

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Agenda

1. What is an MSD?

For what purposes can city create MSD?

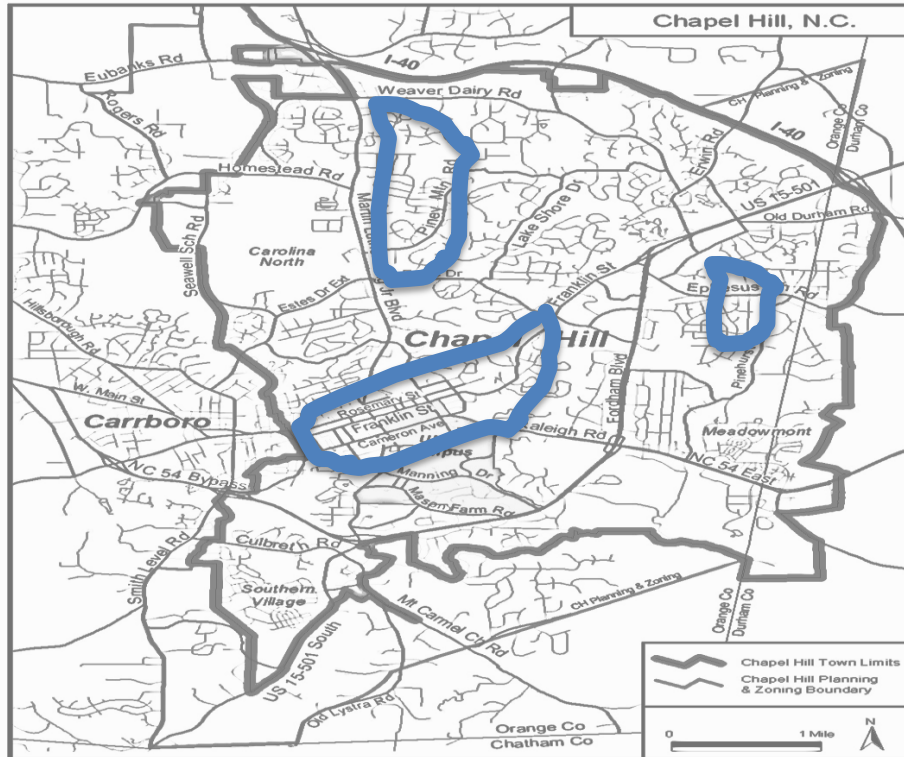
2. What is the process for creating an MSD?

3. How is the tax rate determined?

How are services/projects done in MSD?

How is MSD altered?

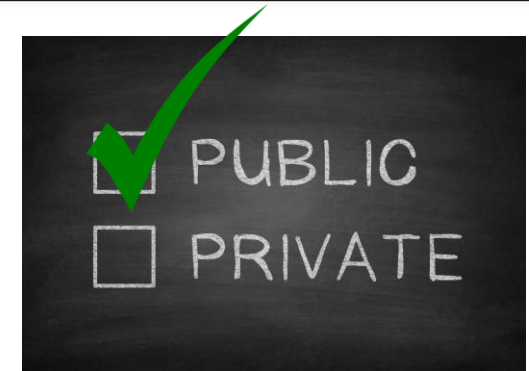
How can MSD abolished?



- “No class of property shall be taxed except by uniform rule, and every classification shall be made by general law uniformly applicable in every county, city and town, and other unit of local government.”
 - NC Const. Art. V, Sect. 2(2)
- “[T]he General Assembly may enact general laws authorizing the governing body of any county, city, or town to define territorial areas and to levy taxes within those areas, in addition to those levied throughout the county, city, or town, in order to finance, provide, or maintain services, facilities, and functions in addition to or to a greater extent than those financed, provided, or maintained for the entire county, city, or town.”
 - NC Const. Art. V, Section 2(4)

Allowable MSD Purposes for ALL Municipalities

- Beach erosion control
- Downtown revitalization
- Urban Area revitalization
- Transit oriented development
- Drainage projects
- Sewage collection and disposal systems (including septic systems)
- Off-street parking facilities
- Watershed improvement projects



“Local Act” Authority MSDs

Applies to:

3 Cities

- Providing any service or project in which city is authorized to engage in area with same boundaries as historic district

1 City

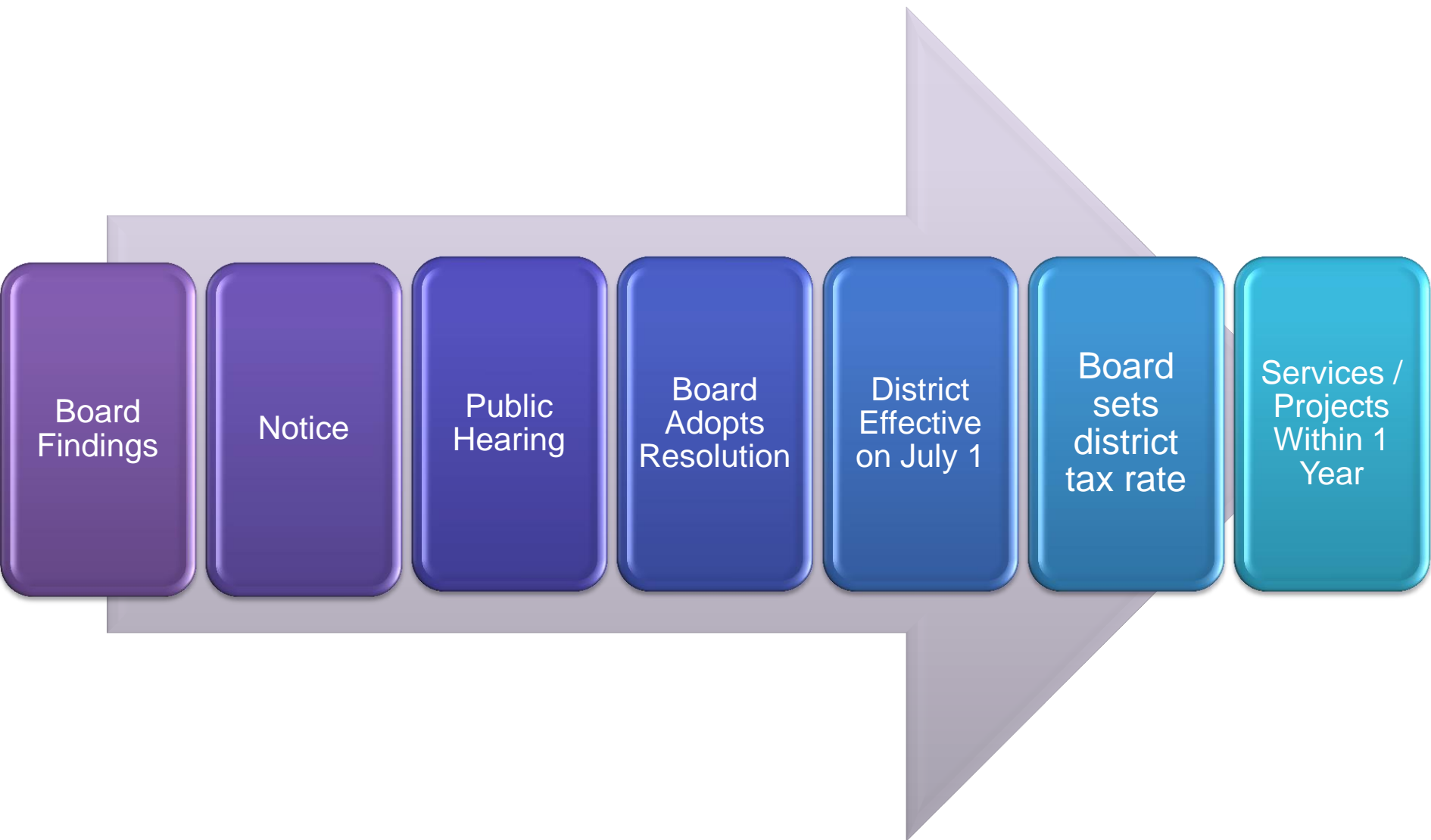
- Lighting at interstate highway interchange ramps

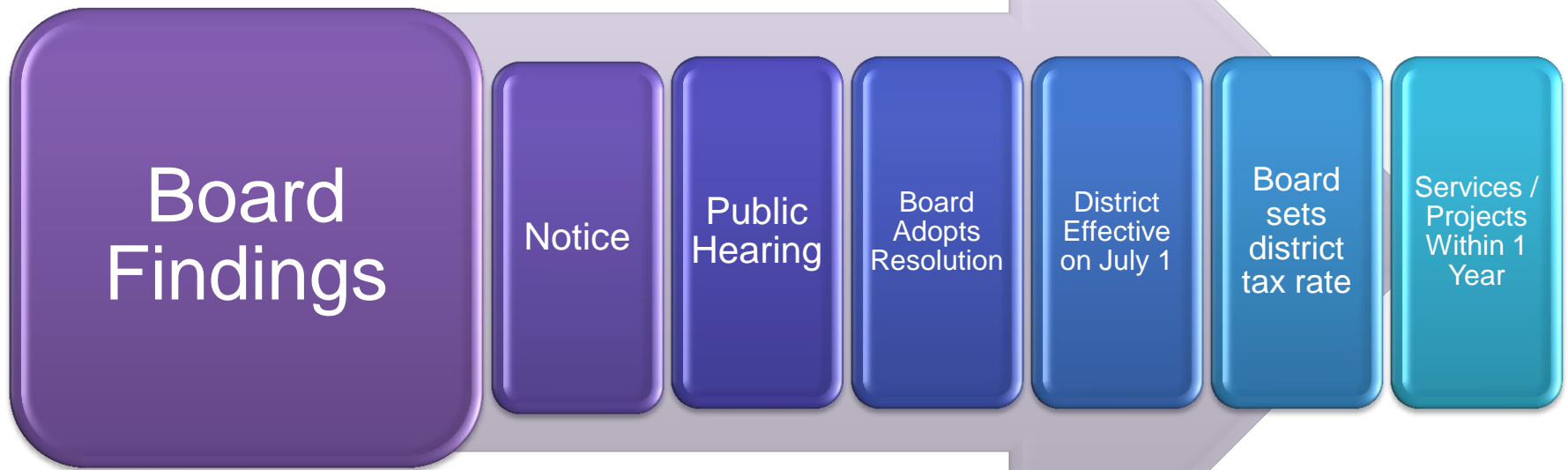
2 Cities

- Converting private residential streets to public streets

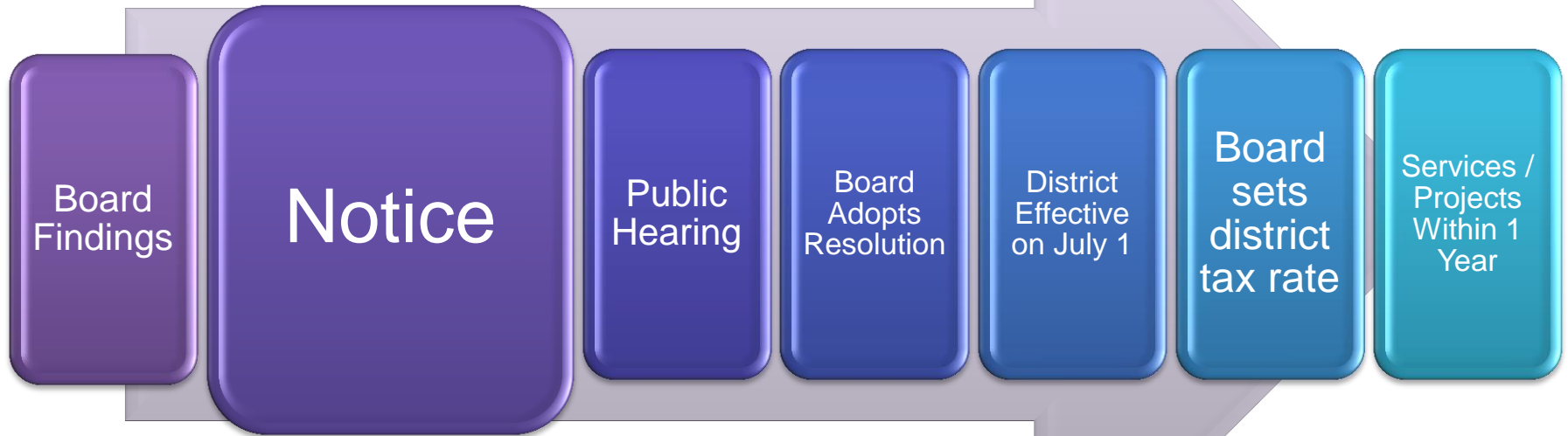
“Local Act” Authority

- Providing any service or project in which city is authorized to engage in area with same boundaries as historic district
 - Cities with population of $> 150,000$, which are located in counties having 2 or more cities each of which has a population $> 60,000$
 - Cities, where, at time of creation of the district, city had a population of not less than 20,000 nor more than 25,000, was not a county seat, and was located in tow counties one of which had eight incorporated municipalities.
 - Cities where, at time of creation of the district, city is located in a county with population of more than 100,000, which county has an area of less than 250 square miles.

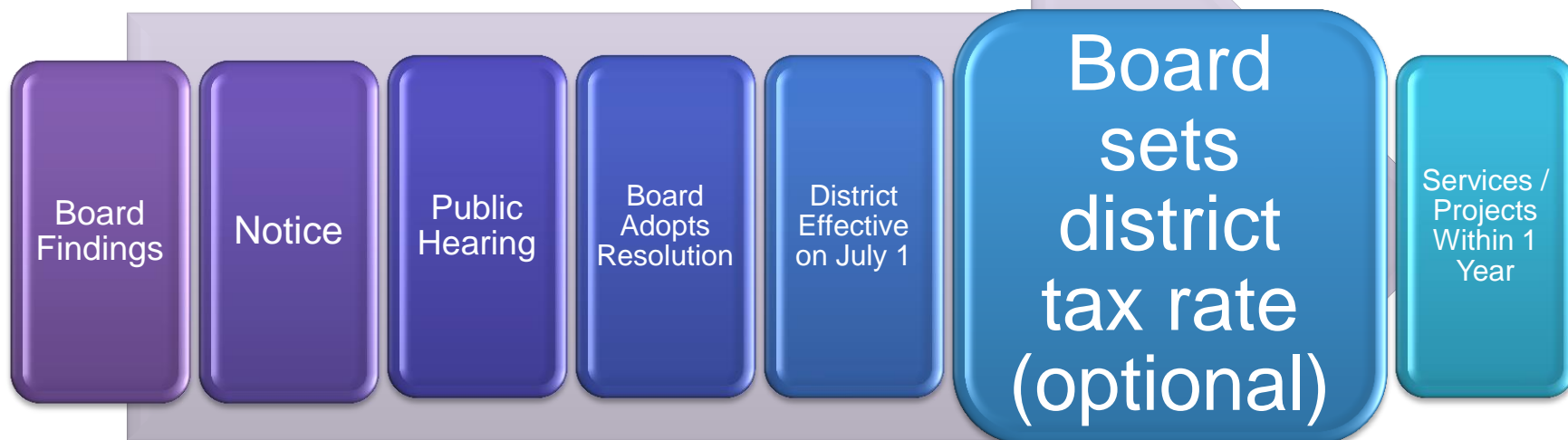




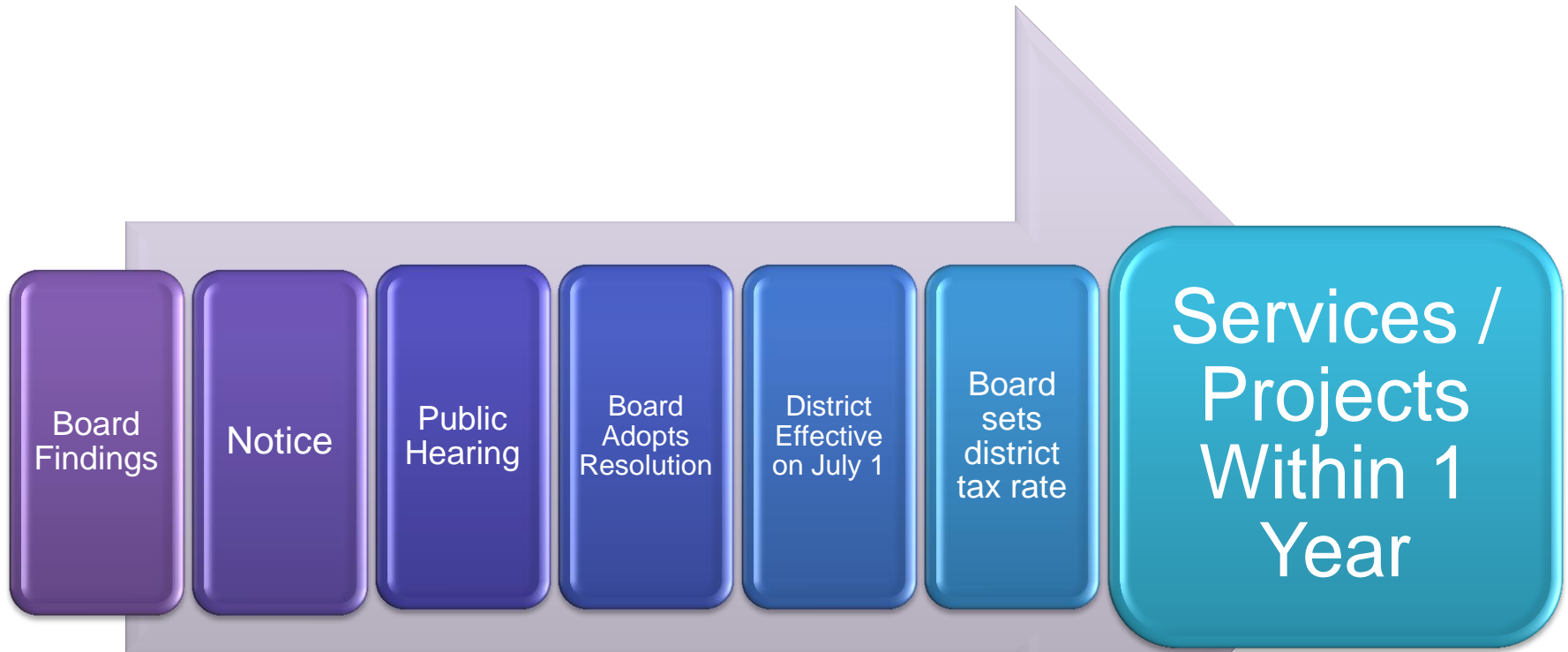
1. Determine Need
“to a demonstrably greater extent”
2. Define Area
3. Make Plan



- Published once, at least 1 week before public hearing
- Mailed to each affected property owner, at least 4 weeks before public hearing



Council must consider “current needs, as well as the long-range plans and goals for the service district....city council shall set the tax rate so that there is no accumulation of excess funds beyond that necessary to meet current needs, fund long-range plans and goals, and maintain a reasonable fund balance.” G.S. 160A-542(d).



- City staff
- Contract(s) with other governments or private entities

- Specify purposes for which city \$ will be used
- Require accounting of how city \$ spent

Contracts in Downtown, Urban Area, (and Historic) Districts Only



- Solicit input from residents and property owners
- Use bid process to select contracting party
- Hold public hearing
- Detail specific projects/services in contract
- Limit contract to ≤ 5 years
- Require at least yearly accounting from private entity

Downtown District

(aka Business Improvement District)

Central downtown area

Urban Area District

1. Central business district.
2. Concentrations of industrial, retail, wholesale, office
3. Major transportation corridor; *or*
4. Major concentration of public or institutional uses



Expanding Existing MSD

- Area contiguous and needs services or 100% petition
- Findings
- Notice
- Public hearing
- Effective July 1

Reducing Existing MSD

- Council finds that no longer need to include parcel or tract
- Notice
- Public hearing
- Effective June 30

Consolidation of Existing MSDs

- Districts contiguous & same services/level of services
- Findings
- Notice
- Public hearing
- Effective July 1

Abolishing MSD

- Council finds that no longer need to provide additional services / projects in district
- Notice
- Public hearing
- Effective June 30